

## GTP TALKING POINTS

**Darlene Waddell, CPA and Executive Director**

### NC Global TransPark Authority

- Thank the PED staff for their hard work on the report. The report gives an accurate look at the Authority's operational and financial situations. It reveals some things we've done well, as well as areas that need improvement.
- (Finding 1-The Authority has made progress towards meeting its mission and goals) –
  - With its creation during Governor Jim Martin's administration, the GTP was envisioned as an air cargo industrial complex that would bring global businesses to North Carolina. That vision is taking shape with the GTP's anchor tenant Spirit AeroSystems. Spirit, a tier one supplier to the two major aerospace companies in the world – Boeing and Airbus – chose the GTP over 23 other locations. The GTP was obviously chosen not only because of the infrastructure assets this project offers companies, but in large part because of logistics.
  - The -Eastern North Carolina location was selected to help offset job losses in one of the most economically distressed, tobacco dependent regions of the state. With 4 Tier 1 counties (including Lenoir County) in the region, **the agency has been expected to live up to a set of expectations that were not just overly optimistic, they were unrealistic.** The job creation projections assumed all the necessary infrastructure was in place. As we know from the PED report, until the entire "initial" infrastructure is in place (2014), only then will the initial development of the Authority be complete. **These assumptions have created the perception that the GTP has "failed" in its mission, when in fact a lot has been accomplished with limited resources. Exhibit 1 of the report gives a time line of major events in the history of the GTP.**

**The Authority is fulfilling its mission to create well-paying jobs for the citizens of Eastern NC, *despite* the lack of infrastructure investment. Today, GTP tenants employ more than 400 people at salaries averaging more than \$53K annually - 80% higher than the average salaries in Lenoir County. Spirit is creating jobs every month!**

- (Finding 3-PED analysis of the state's investment in the Authority shows the cumulative benefits to the Gen. Fund will exceed the cumulative costs by 2025.)
  - In addition to creating well-paying jobs for North Carolinians, GTP tenants increase the tax revenues paid into the General Fund. The Cumulative Benefits Chart from the PED presentation shows that this FY tenants' positive impact on

**the General Fund will be approx. \$2.4M compared to the \$1.28M in direct appropriations the GTP receives. That's about a 2:1 benefit for the State.**

- **By FY 2030, the positive fiscal impact on the general fund with existing tenants will be approximately \$15M, a benefit of almost 12:1 for the State when compared to direct appropriations of \$1.28M.,**
- (Finding 2-Current administrative practices and operations limit its ability to develop a results-based management approach.) –
    - **We view strategic planning as a continuous process and will update and improve our strategic plan, incorporating the PED's recommendations.** We will incorporate in this plan the project prioritization process created at DOT, so that Authority initiatives go through the same transparent evaluation as other transportation projects.
    - After revising the strategic plan, **we will work with DOT personnel to adopt a performance management system**, utilizing the Office of State Personnel guidelines.
    - While the Authority's board is comprised of very dedicated people, **we agree with the recommendation that it would be beneficial to have additional board members from other regions and from targeted industries** in order to enhance our industry recruitment efforts and plan for the future development of the GTP.
  - Finding 4 - The Authority's ability to become self-sustaining is compromised because some of its revenue-generating assets have been used as economic development incentives.
  - Self-sufficiency is a reasonable expectation in the long-term but requires the Authority to reduce operating expenses and/or generate more revenue.
    - **The State has used the Authority's assets to recruit industry, which compromises the agency's ability to become self-sustaining.**
    - **However, if the current level of State appropriations is maintained, the Authority can continue to fulfill its mission of creating well-paying jobs and bring additional tax revenues to the State.**
    - **Even with the reduction in budget and personnel since FY 2002, the Authority will continue to look for ways to reduce operating expenses and generate more revenue. Each of the revenue generation suggestions listed in the PED report (page 20) are currently being put in place - including the construction of new facilities. Currently, the GTP's leasable space is 97% occupied. In order to continue to grow, we must have additional product to market.**

Recommendation 1: The General Assembly should establish the terms and repayment schedule for the Escheat Fund debt.

**The Authority strongly agrees with Recommendation 1.** The terms of repayment of the Escheat Fund debt is between the General Assembly and the Treasurer. Wondering why the \$25M was not an appropriation in lieu of a loan is irrelevant at this point. According to the PED's cost-benefit analysis, each of the four options for repayment of the debt provide a positive benefit-to-cost ratio for the state in 2030.

Recommendation 2: The General Assembly should choose between two options for the future of the Global TransPark

Regarding the two options presented for the future of the Global TransPark, **Option 1 would allow the Authority to continue working toward its goals and implementation of its mission** to create well-paying jobs and economic opportunity in an economically distressed region, **as well as providing tangible benefits for the State through increased impact on the General Fund.**

In addition to Option 1, we hope the General Assembly will **give long-term consideration to the future of its transportation assets by combining the State's transportation agencies, including the GTP, under DOT.** The General Assembly and the Governor instituted several actions that are currently being considered for comprehensive logistics planning, including the OSBM Statewide Logistics Study, HB-1355, the work of the Governor's Logistics Task Force, and Executive Order #85.

**In closing, I would like to mention that outside of NC the GTP project is on the global map as an aerospace site. Winning Spirit is a game changer not only for the GTP, but also for the State. Once Spirit is fully staffed, it will be the 2<sup>nd</sup> largest aerospace company in NC and the largest employer in Lenoir County.**

**It is important for you to make a sound decision regarding the future of the GTP that is based on the results that have been demonstrated and documented in the PED report. With its multi-modal capabilities, the GTP has value for the State as an economic engine for job creation, as well as for commerce.**